

INCOTERMS 2020

Incoterms are a set of terms of voluntary use, but highly recommended for the parties (importer - exporter) in an international sale. Added as a clause in the contract, they determine your obligations with regard to the delivery of the goods.

EXW-Exworks

The obligations of the seller/exporter end when the goods are placed at the disposal of the buyer/importer at his premises. At this moment, all the expenses pass to the buyer, being the former exempt from any responsibility for the cargo.

This Incoterm is valid for any mode of transport.

FCA – Free Carrier

There are two uses for this Incoterm:

- FCA ex works: it is used for full loads. The seller must load the goods and, from that moment on, the goods become the responsibility of the buyer. This term is similar to EXW, but it is the buyer who is responsible for loading the goods onto the means of transport.

- FCA Terminal: used only for break bulk cargoes. The seller must deliver the goods at the named place. Unloading and subsequent handling and consolidation is at the buyer's risk.

FAS – Free Alongside Ship

FAS means that the seller delivers when the goods are on the port's premises and cleared for export. At that point, the seller's liability for damage or loss of the goods ends.

This Incoterm is valid for Sea Transport.

FOB – Free on Board

When we use FOB the delivery takes place in the country of origin, when the seller leaves the goods in the hold of the ship, loaded and stowed and with the export clearance done. The seller's responsibility for any damage or loss is transferred once the goods have been declared on board the ship.

This incoterms is valid for Sea Transport.

CFR – Cost and Freight

The main transport is paid for by the seller, but the risk during the journey is borne by the buyer. The buyer must be clear that he is responsible for insuring the goods. Delivery takes place when the goods are placed on board the ship, as in FOB.

The main difference with FOB is that in this Incoterm it is the seller who must contract the international transport and pay the freight.

This Incoterm is valid for Maritime Transport.

CIF – Cost, Insurance and Freight

In CIF, the main transport is paid by the seller, but the risk on that leg belongs to the buyer. The insurance of the goods is paid by the seller, although the buyer must be named as beneficiary. Delivery takes place when the goods are on board the ship.

This Incoterm obliges the seller to take out insurance with minimum coverage in favour of the buyer, according to clause C of the ICC (Institute of Cargo Clauses).

This Incoterm is valid for Maritime Transport.

CPT- Carriage Paid to

CPT (Carriage Paid To) means that the main carriage is paid for by the seller, but the risk passes to the buyer. If there are several carriers, the risk passes with the first delivery. If the risk is to be transferred to a subsequent delivery, this should be specified in the contract.

CIP - Carriage and Insurance Paid to

The CIP Incoterm is one of the most complex. The main carriage and insurance are paid by the seller, but the risk during the voyage is borne by the buyer, who must be shown as the beneficiary of the insurance.

The seller is obliged to take out insurance with maximum cover in favour of the buyer (Clause A of the CCI). It is usual to cover up to 110% of the transaction.

In the case of several carriers, the same applies as in CPT, the risk is transferred with the first delivery unless otherwise stipulated in the contract.

DAP – Delivered at Place

Delivery takes place at the destination country, but on the vehicle and without import customs clearance.

This Incoterms is not recommended in certain countries, due to the setbacks that can arise, making the costs very difficult to control.

DPU – Delivered at Place Unloaded

In DPU, delivery takes place without import clearance, at the agreed point. This Incoterm obliges the seller to unload at destination.

As with DAP, we do not recommend this Incoterm in countries with poorly developed transport and telecommunications infrastructures, where there is a real possibility of controlling costs in the event of transport-related mishaps.

DDP – Delivered Duty Paid

Delivery on DDP (Duty Paid Delivery) takes place in any country of destination, but always on vehicles. The DDP price includes import duties and taxes.

This Incoterm is recommended for low value goods, where the transport used is Courier type. The objective is a fast service to the client, generally an urgency.



INCOTERMS 2020 RISK AND COST GUIDE

INCOTERMS 202	Packaging, verification and control	Licences	Export-customs declaration	Factory Loading	Inland transport	Handling costs at origin	Main International transport	Insurance	Handling costs at destination	Import clearance	Inland transport on arrival	Reception and unloading
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Incoterms® 2020 - Reglas para cualquier modo o modos de transporte

EXW Ex Works	Cost												
	Risk												
FCA Free Carrier	Cost												
	Risk												
CPT Carriage Paid To	Cost												
	Risk												
CIP Carriage and Insurance Paid To	Cost												
	Risk												
DAP Delivered at place	Cost												
	Risk												
DPU Delivered at Place Unloaded	Cost												
	Risk												
DDP Delivered Duty Paid	Cost												
	Risk												

INCOTERMS 2020 - Rules for maritime transport and inland waterways

FAS Free Alongside Ship	Cost												
	Risk												
FOB Free On Board	Cost												
	Risk												
CFR Cost and Freight	Cost												
	Risk												
CIF Cost, Insurance and Freight	Cost												
	Risk												

Seller Buyer

The seller must provide the necessary information for export and the importer must provide the necessary information for import, at the request, risk and expense of the applicant